P7_TA(2010)0089

The effects of the global financial and economic crisis on developing countries and on development cooperation

European Parliament resolution of 25 March 2010 on the effects of the global financial and economic crisis on developing countries and on development cooperation (2009/2150(INI))

The European Parliament,

– having regard to the G20 summit held in Pittsburgh on 24-25 September 2009 and the G20 summit held in London on 2 April 2009,

– having regard to the G8 summit held in L'Aquila, Italy, on 8-10 July 2009,

– having regard to the UN Millennium Declaration of 8 September 2000, which sets out the Millennium Development Goals (MDGs) as objectives established jointly by the international community for, inter alia, the elimination of poverty and hunger,

– having regard to the European Consensus on Development[1] and the EU Code of Conduct on Complementarity and Division of Labour in Development Policies[2],

– having regard to the Monterrey Consensus, adopted at the International Conference on Financing for Development held in Monterrey, Mexico, on 18-22 March 2002,

– having regard to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action,

– having regard to the report of the International Monetary Fund (IMF) entitled 'The Implications of the Global Financial Crisis for Low-Income Countries – An Update' published in September 2009,

– having regard to the report of the IMF entitled 'Global Economic Outlook – Sustaining the Recovery' published in October 2009,

– having regard to the report of the IMF entitled 'World Economic Outlook Update' published in January 2010,

– having regard to the report of the World Bank entitled 'Protecting Progress: The Challenge Facing Low-Income Countries in the Global Recession' published in September 2009,

– having regard to the report of the World Bank entitled 'Global Development Finance: Charting a Global Recovery 2009' published in June 2009,

– having regard to the report of the World Bank entitled 'Global Economic Prospects – Crisis, Finance and Growth' published in January 2010,

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1 OJ C 46, 24.2.2006, p. 1.
2 Council Conclusions 9558/07, 15 May 2007.

– having regard to the 2009 European Report on Development entitled ‘Overcoming Fragility in Africa – Forging a New European Approach’ published in October 2009,

– having regard to the study prepared by the consultancy company HTSPE entitled ‘The Aid Effectiveness Agenda: Benefits of a European Approach’, commissioned by the Commission and published in October 2009,

– having regard to the report by the United Nations MDG Gap Task Force entitled ‘Strengthening the Global Partnership for Development in a Time of Crisis’ published in September 2009,

– having regard to the report by UNCTAD entitled ‘Trade and Development Report, 2009’ published in September 2009,

– having regard to the report by UNCTAD ‘The Least Developed Countries Report 2009: The State and Development Governance’,

– having regard to its resolution of 26 November 2009 on the FAO summit and food security[1],

– having regard to its resolution of 8 October 2009 on the effects of the global financial and economic crisis on developing countries and on development cooperation[2],

– having regard to its hearing on the effects of the global financial crisis on developing countries and development cooperation, held on 10 November 2009, and in particular to the contribution of Professor Guttorm Schjelderup on illicit money flows and tax havens,

– having regard to its resolution of 8 October 2009 on the Pittsburgh G20 Summit of 24 and 25 September 2009[3],

– having regard to its resolution of 25 March 2009 on the 2007 Annual Reports of the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD)[4],

– having regard to its resolution of 16 February 2006 on new financial instruments for development in connection with the MDGs[5],

– having regard to the joint resolution adopted by the ACP-EU Joint Parliamentary Assembly on 3 December 2009 in Luanda on the impact of the financial crisis on the ACP countries,

– having regard to the Court of Justice’s judgment of 6 November 2008 on the legal basis for Decision 2006/1016/EC[6],

– having regard to Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse

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1 Texts adopted, P7_TA(2009)0102.
2 Texts adopted, P7_TA(2009)0029.
3 Texts adopted, P7_TA(2009)0028.
4 Texts adopted, P6_TA(2009)0185.
5 OJ C 290 E, 29.11.2006, p. 396.
6 Case C-155/07 *Parliament* v *Council*, OJ C 327, 20.12.2008, p. 2.

gas emission allowance trading scheme of the Community[1],

– having regard to the Commission communication of 8 April 2009 entitled ‘Supporting developing countries in coping with the crisis’ (COM(2009)0160),

– having regard to the Commission staff working paper of 5 April 2005 entitled ‘New Sources of Financing for Development: A Review of Options’ (SEC(2005)0467),

– having regard to the General Affairs and External Relations Council conclusions of 18 and 19 May 2009 on supporting developing countries in coping with the crisis,

– having regard to the Commission communication of 15 September 2009 entitled ‘Policy Coherence for Development – establishing the policy framework for a whole-of-the-Union approach’ (COM(2009)0458) and to the General Affairs and External Relations Council conclusions of 17 November 2009 on policy coherence for development and the operational framework of aid effectiveness,

– having regard to the UN Conference on the World Financial and Economic Crisis and its impact on development and to the UN General Assembly’s endorsement of the outcome of the conference by means of Resolution 63/303 of 9 July 2009,

– having regard to the Conference on Innovative Financing held in Paris on 28 and 29 May 2009 and the International Conference on Development Financing held in Doha between 28 November and 2 December 2008,

– having regard to the recommendations of the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System, published in March 2009,

– having regard to Rule 48 of its Rules of Procedure,

– having regard to the report of the Committee on Development and the opinions of the Committee on International Trade and the Committee on Economic and Monetary Affairs (A7-0034/2010),

A. whereas emerging and developing economies expanded by only 2.1% in 2009 compared to a 6.1% growth rate in 2008,

B. whereas global trade in goods is expected to drop by 17% in 2009, while investment in trade and infrastructure is faltering as a consequence of the credit crunch, and whereas the least developed countries have been especially hard hit by the crisis,

C. whereas the international financial institutions are stretching to meet the needs of developing countries and will face serious lending constraints unless more capital is raised,

D. whereas the effects of the global crisis on the middle-income developing countries should not be overlooked,

E. whereas the gaps in regulation, supervision and control of the financial sector, the shortcomings of the supervision and fast alert mechanisms in place, as well as certain

[1] OJ L 140, 5.6.2009, p. 63.

policies of international financial institutions, have caused and accelerated a systemic crisis of global dimensions, necessitating a review of existing paradigms, which should include international compensation and burden sharing,

F. whereas tax havens offer a place to hide money, providing incentives to undermine good governance, particularly in relation to taxation and the rule of law; whereas illicit capital flows from developing countries are estimated at USD 641-941 billion, thus corresponding to roughly 10 times the value of global development assistance,

G. whereas worldwide corruption has now grown to such an extent that it is costing USD 50 billion, according to Transparency International's 2008 annual report, equivalent to nearly half the total volume of worldwide ODA and to the investment needed to attain the objectives in the field of drinking water and public health,

H. whereas the European Union is the largest aid donor, providing approximately 60% of global aid flows in 2008, and the Commission predicts that there will be a USD 22 billion shortfall on Official Development Assistance (ODA) commitments in 2009,

I. whereas the decline in output of advanced economies brought about by the global crisis will inevitably lead to a drop in the volume of ODA at a time when external aid is of paramount importance to developing countries,

J. whereas virtually all EU pledges (99%) are from existing commitments; EUR 8.8 billion is frontloaded, meaning there is a danger that less development assistance will be available in the coming years;

K. whereas a European approach to aid effectiveness could bring efficiency gains amounting to EUR 3-6 billion per year for the period 2010 to 2015,

1. Is acutely aware that the past two years have seen a succession of global crises (food, energy, climate, financial, economic and social) which have serious impacts on industrialised and emerging countries, but devastating implications for the poor population groups in developing countries, with over 200 million workers being exposed to extreme poverty worldwide and more than a sixth of the world’s population suffering from hunger;

2. Stresses that it is the EU’s obligation to assist developing countries in coping with the burdens of the global economic crisis and climate change, for which they are not responsible; urges the Member States, in this respect, fully to fulfil their ODA commitments towards developing countries;

3. Calls for reinforcement of the commitments to achieving the MDGs by 2015 and asks for greater coordinated action in view of the 2010 MDG review; calls on all Member States to show the maximum support for, and to agree on a common position towards, the 2010 United Nations MDG Summit;

4. Calls upon Member States to deliver fully on their ODA commitments, both bilateral and multilateral;

5. Asks Member States to increase ODA volumes in order to reach their collective target of an ODA/gross national income (GNI) ratio of 0.56% by 2010 and the target of 0.7% ODA/GNI for 2015; asks furthermore that they accelerate efforts to improve aid effectiveness through

implementation of the Paris Declaration and the Accra Agenda for Action by coordinating their actions more effectively, improving the predictability and sustainability of aid systems, accelerating the rate at which they provide aid, untying aid and increasing the take-up capacity of aid beneficiaries; supports the new international initiative for aid transparency, which seeks to improve the availability and accessibility of information on aid, thus increasing its legitimacy and making it possible to ensure that it is used in the most effective manner to combat poverty; calls on all Member States which have not yet done so to endorse this initiative;

6. Stresses that while fulfilment of the ODA commitments is imperative it is not sufficient in terms of tackling the development emergency, and reiterates its call to the Commission for active promotion of existing innovative development-financing instruments and for urgent identification of additional innovative sources of finance;

7. Notes with concern the reduction in ODA efforts for public health – in particular sexual and reproductive health rights – which is crucial to attaining the MDGs; points out that a healthy, strong workforce is a precondition for economic development;

8. Calls on the Commission to press ahead with the reform of international development cooperation;

9. Stresses that ongoing reform of the international aid architecture should not result in backtracking on what has been achieved so far for development and must not become a smokescreen for Member States seeking to renege on their pledges;

10. Takes the view that the volume of development assistance funding alone does not provide a sufficient basis for judging the effectiveness and efficiency of the EU’s development assistance measures;

11. Takes the view that priority should continue to be given to overcoming the financial and economic crisis;

12. Stresses the need to continue to provide assistance and constantly to adapt it to new realities and circumstances;

13. Stresses that the global economic crisis has necessitated enhanced development cooperation in terms of both quantity and quality;

14. Stresses that the credit crunch, uncertainty caused by the depressionary cycle and the drop in international trade, investment and remittances by migrant workers are the channels by which the crisis has been transmitted from the developed countries to the developing countries, and that in all these areas, the Union needs to adopt initiatives and assert its presence on the international stage in a concerted, comprehensive and coherent manner;

15. Calls on the Council and Commission, when monitoring their development cooperation instruments and policies, also to take care to minimise unintended consequences for the economies of developing countries, such as increasing dependence on development assistance transfers, with negative repercussions on growth, wages and employment and the emergence of rent-seeking structures and corruption;

16. Calls on the Council and the Commission to improve the coordination of bilateral and

multilateral development cooperation, since shortcomings in this area constitute one of the main factors undermining the effectiveness of development assistance;

17. Recognises that the gaps in regulation, supervision and control of the financial sector**,** as well as certain policies of international financial institutions, made it impossible to prevent the crisis, amplifying instead its negative effects; underlines that, contrary to what happened in developed countries, such conditions have sharply reduced the capacity of developing countries to react to the economic slowdown through the adoption of fiscal stimulus measures;

18. Stresses that a comprehensive response must be provided to the economic and financial crisis, that no financial institution, market segment or jurisdiction must be exempt from regulation or supervision and that the transparency and accountability of all parties must form the bedrock of a new brand of international financial governance;

19. Welcomes on the one hand the improved borrowing facilities for low-income countries provided by the IFIs with a higher level of pro-poor spending and emphasis on poverty reduction and pro-growth spending in developing countries; expresses, however, major concern about the possibility and threat of a rise in the indebtedness of developing countries and a further crisis in relation to the viability of the debt, and calls on governments to take urgent action to reform the IFIs;

20. Calls on the Commission to look into the implementation of the proposal by the World Bank to establish a vulnerability fund to finance food security, social protection and human development;

21. Asks the leaders of the G20 to act, without delay, on the commitment made at the September 2009 summit in Pittsburgh to reform the global development architecture and, within this framework, shift at least 5% of the IMF quota shares to emerging and developing economies and at least 3% of the World Bank voting shares to developing and transition countries;

22. Stresses the need to reform world economic governance in order to ensure better representation of developing countries in decision-making forums; proposes, to this end, that the G20 should be expanded to include at least one representative of the developing countries, in particular of the least developed countries, who could be the President-in-Office of the G77;

23. Calls on the Commission and Member States to devote particular attention to the promotion and protection of decent work and action to combat gender discrimination and child labour, adhering to the recommendations made on this subject by the International Labour Organisation, whose role should be expanded;

24. Stresses the need to move to an international system of governance that will protect the most vulnerable people and countries, especially those hardest hit by the crisis and with ineffective or no safety nets;

25. Notes that the IMF’s membership has approved a USD 250 billion allocation of special drawing rights (SDRs) and that only USD 18 billion of SDRs will go to developing countries; urges the Member States and the international community to explore the Soros proposal that the wealthy countries should allocate their SDRs to a fund for global public

goods, such as the fight against climate change and the eradication of poverty;

26. Calls on the Council and the Commission to take steps to bring about the increase in funding for international financial institutions agreed at the G20 summit;

27. Asks the Council and the Commission to advocate an ambitious reform of the IMF;

28. Calls for stronger macroeconomic cooperation within the G20, a more powerful role for the United Nations system and reform of international financial institutions to ensure a concerted response to the crisis and its effects in developing countries;

29. Regrets that the financial sector has not fully learned the lessons implicit in this unprecedented crisis, despite benefiting from enormous state bailouts; welcomes in this regard the commitment of the G20 leaders at the September 2009 summit in Pittsburgh to ensure that the financial sector compensates for the costs of the crisis so far borne by taxpayers, other citizens and public services in both advanced economies and developing countries;

30. Firmly believes that taxing the banking system would be a fair contribution from the financial sector to global social justice; calls also for an international levy on financial transactions to make the overall tax system more equitable and to generate additional resources for financing development and global public goods, including adaptation of developing countries to cope with and mitigate climate change and its impact;

31. Urges the Commission to present a communication on how a tax on international financial transactions can, inter alia, help to achieve the MDGs, correct global imbalances and promote sustainable development worldwide;

32. Calls for a report to be prepared by the IMF for the next G20 meeting on the contribution to be made by the financial system towards paying for the burdens associated with the various government interventions, looking at all the direct and indirect burdens imposed on public finances and, in particular, their impact on the budgets of developing countries;

33. Notes with great concern that developing countries are expected to face a financial shortfall of USD 315 billion in 2010 and that mounting fiscal distress in the most vulnerable countries is imperilling USD 11.6 billion of core spending in education, health, infrastructure and social protection; considers it appropriate, therefore, to explore the grounds for an agreement with creditor countries to establish a temporary moratorium or debt cancellation for the poorest countries to enable them to implement countercyclical fiscal policies to mitigate the severe effects of the crisis; proposes that efforts be made to facilitate arrangements for transparent debt arbitration;

34. Welcomes the initiatives of Member States on the implementation of voluntary levies on aviation and maritime emissions to contribute to financing the costs of mitigation and adaptation to climate change in developing countries and invites all Member States to consider implementing similar levies;

35. Calls upon the Member States and the Commission, in accordance with its resolution of 21 October 2008, to agree, within the European Union Emission Trading System framework, to devote at least 25% of the revenues generated from the auctioning of carbon dioxide emission allowances to support developing countries effectively, using public investment, in

coping with climate change;

36. Calls on the Commission and the Member States to support all action to combat climate change, which is hitting developing countries hardest, and, in this connection, to step up the transfer of appropriate technologies;

37. Invites the Commission and the Member States to pay further attention to the link between the environmental crisis and the development crisis, and urges them to make sustainable development and 'green growth' strategic priorities for the EU; urges the EU to allocate additional money for its commitments to fighting climate change in developing countries, also taking into account the increasing number of environmental refugees;

38. Welcomes the European Council's commitment in October 2009 not to undermine the MDGs with regard to combating climate change; urges the Council to agree, as soon as possible and in the framework of the Copenhagen summit conclusions and the G20 compromises, on firm financial commitments that enable developing countries to cope with deteriorating climatic conditions and to ensure that assistance needed as a result of the economic crisis will not lead to a relapse into external over-indebtedness;

39. Stresses the pivotal importance of migrant remittances as capital flows directly into the hands of the target populations in developing countries, who can rapidly put such monies to use for pressing needs; asks Member States and recipient countries to facilitate the delivery of remittances and to work towards reducing their costs;

40. Welcomes the commitment of the G8 leaders at the July 2009 summit, held in L'Aquila, Italy, to reduce the cost of remittance transfers from 10% to 5% within five years; believes that enhanced market competition and a broader regulatory framework are essential measures to alleviate the costs connected with remittance transactions, while accelerating the adoption of new technologies and promoting financial inclusion for the poor in developing countries;

41. Supports the creation of joint public-public and public-private initiatives for development, based on a public lead with private donors' support and in line with partner countries' priorities, as a means of increasing responsible and sustainable direct investment in developing countries and facilitating technology transfer;

42. Recalls the crucial role of civil-society organisations, local authorities and decentralised cooperation in coping with the consequences of the economic crisis and development processes; calls on the Commission accordingly to make decentralisation a priority sector for European aid funding in developing countries;

43. Welcomes the approval of the 'Vulnerability FLEX' mechanism to support eligible African, Caribbean and Pacific (ACP) countries in coping with the social consequences of the crisis and urges that the funds be disbursed rapidly; reaffirms, however, its concern about how the Commission will fill the funding gap caused in future years by frontloading budget support;

44. Regards trade as a main driver of economic growth and poverty reduction in developing countries and calls upon the EU and the Member States to leverage their international influence to ensure that development remains at the heart of the Doha Round negotiations and that a successful, fair and development-oriented conclusion of the Doha Round is achieved, while enhancing the pro-poor focus of EU Aid for Trade policy;

45. Stresses that, pursuant to Article 208 of the Treaty on the Functioning of the European Union, the EU must ensure that its policies on trade, security, migration, agriculture and other fields serve, on the one hand, coherently to benefit developing countries and, on the other hand, to promote an equitable international financial and trading system which is favourable to development;

46. Recalls that the principle of policy coherence for development (PCD), which is specified in the EU Treaties, is a key concept for attaining the MDGs; urges the EU accordingly to develop a trade policy which is consistent and coherent with the achievement of the MDGs; calls for the elaboration of robust legal mechanisms to ensure that the EU is held accountable for its commitments towards policy coherence;

47. Calls for better coherence of development aid and other policies of the EU; notes that, for example, marketing EU-subsidised agricultural products may run counter to creating sound markets for the products of poor local farmers and thus may negate efforts made by projects which try to enhance local agriculture;

48. Is convinced that a balanced, fair and development-oriented conclusion of the Doha Round would aid the economic recovery from the crisis and could contribute to poverty alleviation in developing countries, the creation of good-quality jobs and the reduction of consumer prices; is therefore deeply concerned by the lack of progress in the Doha Round negotiations;

49. Points out that, in order to achieve greater financial stability and improve the functioning of the global trade system within the WTO, progress needs to be made towards a new international monetary and financial system which is based on multilateral rules that address the specific problems of developing countries and which falls within the United Nations framework;

50. Recalls that the Aid for Trade strategy is aimed at helping developing and least-developed countries to negotiate, implement and benefit from trade agreements, to expand their trade and to accelerate poverty eradication; asks the Commission and the Member States to ensure that commitments to the EU-wide target of EUR 2 billion per year by 2010 are met; requests the Commission to present detailed information and figures on the budget lines used for financing trade-related assistance and Aid for Trade (in addition to budget line 20 02 03) and for all Aid for Trade financing coming from the EU budget;

51. Reaffirms the fact that Economic Partnership Agreements (EPAs) should be designed as pro-development tools and should not be regarded simply as international trade instruments; urges the Commission to work towards a rapid conclusion of the negotiations, while taking into account the ways in which EPA provisions may impact on the ability of ACP countries to cope with the crisis;

52. Notes that the significant decrease in export revenues in many developing countries, and in particular in the least developed countries, has reduced the growth and development of the South; calls on the Commission – when negotiating and implementing trade agreements, in particular the Economic Partnership Agreements – to strengthen EU policy coherence for development and, inter alia, the promotion of decent work, wealth and job creation and to ensure adequate asymmetry and transitional periods in trade commitments as well as respect for the priorities of each country and adequate consultation of key actors and civil society;

53. Takes the view that developing countries, which are particularly dependent on development cooperation funding and are highly export-oriented, have been hit hardest by the crisis up to now, since financial flows from North to South are increasingly drying up and the internal markets of many developing countries are too weak to offset the decline in exports;

54. Asks the Commission to conduct an assessment of the export dependency of ACP countries and its compatibility with development goals in country strategy papers;

55. Notes the Agreement on the Global System of Trade Preferences (GSTP), a mechanism established by 22 developing countries to reduce tariffs and other barriers to the export of goods traded between them, in an attempt to boost South-South trade and to make it more independent from global trade turbulence;

56. Believes that protectionism is no sound response to the crisis and reinforces its call upon the EU to do its part by reducing trade barriers and trade-distorting Union and other subsidies that cause so much harm to developing countries;

57. Takes the view that EU development policy should respect both the interests of the EU and those of developing countries and considers that the reciprocal opening-up of markets, which should not be achieved at the expense of economic stability in developing countries, requires equivalent supervisory and regulatory frameworks; asks the Commission, the Council and the EIB to make the provision of microcredit to SMEs and small-scale farmers a priority of development cooperation, thus fostering sustainable regional economic structures;

58. Calls on the Commission to secure measures taken in pursuit of its long-term objectives for development, while preparing for sustained development as well as humanitarian aid during the period when the burden of the crisis on developing countries is worst;

59. Emphasises that the scale, depth and complexity of the financial crisis reflect the lack of connection between the development of finance and the real economy, the existence of escalating global imbalances and worsening environmental problems on the planet, which must be corrected in order to put the economic system on the path of global sustainable development;

60. Expresses great concern that the negative impact of tax havens may be an insurmountable hindrance to economic development in poor countries, encroaching on the sovereignty of other countries, harming the efficiency of financial markets and of resource allocation, undermining national tax systems and increasing the costs of taxation, creating incentives to engage in economic crime, and damaging private income, good governance and economic growth, thus preventing developing countries from investing in public services, education, social security and human welfare;

61. Stresses that tax havens and off-shore centres encourage tax avoidance strategies (for instance, through transfer mispricing), tax evasion and illicit capital flight; underlines, in particular, that tax fraud in developing countries leads to an annual loss of tax revenue corresponding to 10 times the amount of injected development aid from developed countries; urges the Member States, therefore, to make the fight against tax havens, tax evasion and illicit capital flights from developing countries one of its overriding priorities; reiterates in this context its conviction that the automatic exchange of information should be globally extended and implemented within a multilateral framework;

62. Notes that there are dozens of tax havens worldwide which are used even by some OECD-based companies in order to avoid paying taxes to those developing countries where they have profitable activities or to their home countries; asks the Commission to report on how the automatic exchange of information can be globally extended, how sanctions for uncooperative tax havens and their users could be implemented, and how country-by-country reporting on profits and taxes paid can become a rule for transnational companies in the EU;

63. Acknowledges that tax-information exchange agreements do not eliminate the harmful structures of ring-fenced tax systems or the absence of public registries, nor enforce the delivery of accounts, auditing or the preservation of records; welcomes the efforts of the G20 and the Organisation for Economic Cooperation and Development (OECD) to take steps against tax havens, but notes and regrets that the established criteria, tax-information exchange agreements and existing procedures will not be sufficient to tackle the problem of tax havens and illicit financial flows; calls upon the OECD, the G20 and the EU to adopt more stringent criteria for the identification of tax havens and to work towards an internationally binding multilateral automatic tax-information exchange agreement envisaging countermeasures in the event of non-compliance;

64. Calls upon the EU, its Member States and the international financial institutions to support developing countries in building up their revenue side and to support capacity building in taxation;

65. Notes that half of all illicit financial flows out of developing countries are related to the mispricing of trade and reinforces its call for a new, binding, global financial agreement which forces transnational corporations, including their various subsidiaries, automatically to disclose profits made and taxes paid, on a country-by-country basis, so as to ensure transparency about sales, profits and taxes in every jurisdiction where they are located;

66. Calls on the Commission actively to promote corporate social and environmental responsibility (CSR) in order to permit effective monitoring of the impact – social, environmental and in terms of respect for human rights – of the operations of transnational undertakings and their subsidiaries in developing countries;

67. Notes with concern that further deterioration of the economic wellbeing of developing countries could lead to unacceptably high levels of unemployment and increased economic migration; adds that such migration flows could lead to a ‘brain drain’ from developing nations and damage their future economic growth;

68. Notes the need for real improvement in the banking systems in developing countries as a concrete measure to secure investments and the development and growth of the financial sector, migrant remittances and commercial and any other relevant exchanges, leading to social cohesion and political and economic stability;

69. Welcomes the Stolen Asset Recovery (StAR) initiative by the United Nations Office of Drugs and Crime and the World Bank to help developing countries in the fight against corruption, criminal activities and tax evasion and calls on Member States to ratify the United Nations Convention Against Corruption;

70. Stresses the importance of supporting developing countries in building up effective capacities to increase, in their own interest, the fight against corruption and to enhance the

rule of law, good governance and transparency in their public finances, in order to improve budget predictability, implementation and control; stresses the importance of parliamentary oversight of public finances; insists upon the need to improve international accounting standards, to prevent tax avoidance and tax evasion practices, including by requiring transnational companies to draw up financial reports on a country-by-country basis;

71. Welcomes the EIB's enforcement of its existing policy towards Offshore Financial Centres; requests the EU, the Member States and the EIB to take up a vanguard role in the fight against tax havens by adopting rules of public procurement and disbursement of public funds which prohibit any company, bank or other institution registered in a tax haven from benefiting from public funds; calls on the EIB to consider, as part of its enhanced guidelines, the need for companies and financial intermediaries to report on their activities on a country-by-country basis;

72. Notes that the EIB has made efforts to ensure that its guarantees and investments are not executed through tax havens; asks the EIB to take the necessary additional measures to ensure that this does not happen indirectly; asks the EIB to report on the implementation of its offshore financial centres policy; asks the EIB to be particularly vigilant when setting conditions or conditionality criteria, so as to be in line with EU policy objectives and with the ILO concept of 'decent work', thus ensuring maximisation of the aid and the inclusion of local businesses, and supporting the fight against corruption; takes the view that the EIB should focus its recruitment policy in favour of environmental and development expertise;

73. Recognises the current mid-term review of the EIB's external lending activity and cooperation arrangements – to be completed in 2010 and in which Parliament acts as co-legislator – as a major opportunity to increase the EIB's role in development cooperation, with the priority objective of attaining the MDGs by 2015; considers that, in this connection, priority should be assigned to projects targeting poverty reduction;

74. Deplores the downward trend in investment in agriculture in developing countries since the 1980s and urges the Commission to make food security a priority in the Union's development policies and therefore to increase support for agriculture, particularly food production, and rural development;

75. Considers that one of the major obstacles to economic development in developing countries lies in the limited access which potential entrepreneurs enjoy to credit and microcredit; stresses moreover that, in most cases, credit guarantees are not available; calls on the Commission and the EIB, therefore, hugely to increase credit and microcredit access programmes;

76. Asks the Commission and the Member States to support measures to ease developing countries' access to credit, including the substantial capitalisation of multilateral development banks and the creation of a framework to allow the licensing of a diversity of financial services providers to meet local citizens' needs;

77. Invites the Commission to give full consideration to the recommendations expressed in this report while drafting the proposal for a decision on the EIB's external lending mandate following the mid-term review;

78. Instructs its President to forward this resolution to the Council, the Commission, the Member States, the UN organisations, the IMF and the World Bank and the IMF and World

Bank Governors from the EU Member States, as well as the G20 countries.